

Contractors  
Service Providers

Date:  
13 December 2022

Enquiries:  
SS van der Westhuizen  
Tel +27 11 800 5993  
Cell +27 82 469 5649

For Attention: All Eskom Build Contractors and Service Providers

### **POWER STATION SITE INSTRUCTION – WAGE BUREAU IMPLEMENTATION**

1. Eskom has the duty to monitor, support and oversee all suppliers to ensure fair and equitable labour practices amongst Contractors, Service Providers, Suppliers, Trade Unions, Employees and Eskom in order to ensure a stable environment.
2. The Contractor / Service Provider is reminded that it remains responsible for stability on site for their own employees and those employees of its Subcontractors and/or Service Providers. Eskom will not tolerate any non-compliance of legislation and site rules that may contribute towards a site stability risk.
3. Eskom implemented the Wage Bureau and Industrial Relations (IR) offices to fulfil its responsibility to monitor, support and oversee all stakeholders.
4. The Wage Bureau detects and reports on all inefficiencies or irregularities identified in the processes and systems that affect employee site attendance and payrolls. The IR office manages liaison with Organised Labour.
5. All blue collar / scheduled and white collar / non-scheduled employees of all Contractors and Service Providers working at the Kusile Build Project will be registered in the Wage Bureau.
6. Contractors and Service Providers have to comply with the Wage Bureau requirements from a payroll, gate access and time and attendance perspective. Data gathered will also be used for manpower attendance and safety reporting. All full-time scheduled employees will also be registered in the Wage Bureau to be monitored for payroll purposes.

7. The timely and accurate payment of wages is a basic obligation of all employers. The majority of labour-related incidents that lead to site instability relates either directly or indirectly to the incorrect and/or late payment of wages. Contractors and Service Providers should be in complete control of the payment of their own employees and should expediently resolve all employee grievances.
8. The Wage Bureau system verifies the consistent application of the Basic Conditions of Employment Act, No. 75 of 1997 (the BCEA Act). The system is pre-programmed to automate calculations for different industries. This includes compliance to, for example, minimum wage requirements, annual increases and any other industry rules such as normalisation of hours, calculation of overtime, as well as a standardised payslip format that complies with the requirements of BCEA Act and meets the Wage Bureau requirements.
9. Contractors / Service Providers will continue to use their own payroll applications, but are required to improve their processes, if inadequate. The Wage Bureau will provide training to discuss process changes, e.g. sign-off of hours on a weekly basis. The implementation of the Wage Bureau will ensure that the Contractor's / Service Provider's administrative resources will, from their current locations, access a set of Wage Bureau Applications to verify and compare payrolls, payments and/or timesheets on a monthly basis. Wage Bureau data and calculations can assist towards the approval of invoices and/or claims.
10. The Wage Bureau provides additional assistance to the Contractor / Service Provider for compliance with its contractual obligations relating to the payment of its labour. The Employer believes that such assistance effectively supports harmony, equality and consistent payment practices at Site. This will include providing Eskom gate information to Contractors / Service Providers for their own employees, and to provide comparison reports between gate and their own access control.
11. The Employer funds the day-to-day support of the Wage Bureau, namely for take-on and monitoring ongoing Wage Bureau compliance of all Contractors / Service Providers through training of their administrative staff and extracting reports to monitor compliance.
12. Contractors / Service Providers have to sign a service level agreement (SLA) with the Wage Bureau Service Provider for purposes of the Protection of Personal Information Act No. 4 of 2013 (the POPI Act).
13. Following from the aforesaid, Contractors / Service Providers are obliged to engage their labour in relation to the functions of the Wage Bureau so as to familiarise them with the concept, *inter alia*:
  - a. Obtaining signatures from all their blue-collar employees where they give consent to the making available of their information in terms of the POPI Act at any Eskom site (a sample document can be requested) to allow Eskom direct access to the Contractors' / Service Providers' database with regard to Skills, Time & Attendance and Payroll data. This is for compliance with the POPI Act. Eskom is hereby indemnified by the Contractors / Service Providers for any breach of the POPI Act due to their failure to obtain the required and requested consent.

- b. The Wage Bureau benefits the employees, in that they know that payments will be accurate and timely after implementation;
  - c. Sharing Time & Attendance data (generated using biometric devices) with the Wage Bureau. This implies that employees are clocking at the Eskom gate, as well as at their own company/ designated lay-down area on site;
  - d. Understanding how time & attendance and payroll processes will work on site, including the timely closing of timesheet periods. Contractors / Service Providers need to close their time-sheets typically 4 to 7 days before pay-day, which will give administrators enough time to complete the payroll processes accurately;
  - e. Using an acceptable payslip format (all employees will receive payslips every month, the day before pay-day). This allows employees an opportunity to raise queries or issues, which must be resolved within 4 working days;
  - f. Timing of payments to labour according to the Contractor's / Service Provider's calendar. All payments must be in the bank account of the employees at the latest by pay-day (which is determined by the Contractor / Service Provider), and signed off with its employees. This implies that Contractors / Service Providers must make batch payments the day before pay-day and provide the Wage Bureau with a copy of the proof-of-payment (POP), at least by 14:00 on the day before payment, which will enable the Wage bureau to verify that payments were according to payrolls.
14. Contractors / Service Providers are required to provide a copy of their payroll data two days before the end of the month (or agreed pay date if it is earlier than the end of the month), to enable their administrative staff to verify the accuracy of payments by comparing the Wage Bureau calculations with their own payroll calculations.
15. The Contractor / Service Provider must inform the Wage Bureau at the earliest possible date when it has appointed a Subcontractor / Service Provider, to ensure that such Subcontractor / Service Provider is loaded in the Wage Bureau.
16. The Contractor / Service Provider must inform the Wage Bureau at the earliest possible date when it, or one of its Subcontractors / Service Providers is not able to pay its employees on pay-day. These include late payment, short payments and non-payments which are caused by either financial or any other reasons.
17. The Contractor / Service Provider is required to submit all the following compliance records to the Wage Bureau on a monthly basis to support site stability (see Annexure A, paragraph 3.23):
- a. The SARS payroll taxes statement of account (an EMPISA) that supports ongoing compliance to statutory PAYE, UIF and Skills development requirements;
  - b. The Employers Declaration of Employees for the particular month (a UI19 form);
  - c. Statement of Account for Pension and/or Provident funds employee contributions; and the POP thereof.

18. Contractors / Service Providers can continue to use their own current applications for payroll and time-and-attendance, or can elect to use the set of Wage Bureau applications for production purposes at no additional cost. Eskom only pays for system use of employees who work at Eskom sites. Should Contractors / Service Providers choose to use the system for employees who work at other sites, they have to contract directly with the Wage Bureau Service Provider (currently Symplexity) for the additional support. Contractors / Service Providers can sign a SLA with the Service Provider. The Contractor / Service Provider has already signed Non-disclosure agreements (NDA) with Eskom, but companies that require a NDA for their own Access to Information Act purposes, can request that it be signed using their own internal format.
19. The Contractors / Service Providers are instructed to cooperate with the Employer with regard to all requests in relation to the provision and/or access to data as required for the implementation of the Wage Bureau.
20. The Contractors / Service Providers shall be responsible for the acts or defaults of any Subcontractor, Service Provider, their agents and their employees, as if they were the acts or defaults of the Contractors / Service Providers.
21. In light of this obligation the Contractors / Service Providers shall ensure that its Subcontractors, Service Providers, agents and any other third party that provides labour associated or in connection with the contract, are compliant with the Wage Bureau requirements and provide the required data to the Employer.
22. The Employer reiterates that the implementation of the Wage Bureau shall not entitle the Contractors / Service Providers to any claim for additional Costs or Profit.
23. The Contractors / Service Providers shall indemnify and hold harmless the Employer, the Employer's Personnel, the Engineer and their respective agents, against and from all claims, damages, losses and expenses (including legal fees and expenses) in respect of or arising from the implementation of the Wage Bureau by the Employer at an Eskom site or the contract with the Contractor / Service Provider.
24. Eskom implemented a culture of zero tolerance for Contractors / Service Providers that do not cooperate with the Wage Bureau, along with firm action against transgressors, in order to protect labour stability and safety at all Eskom sites.
25. The zero tolerance culture creates a positive duty for Contractors / Service Providers to ensure that all their employees have valid contracts of employment. Further, Contractors / Service Providers have to put the required mechanisms in place to ensure that employees' wages are calculated correctly according to the relevant industry agreement, including minimum wages and overtime arrangements, and for said wages to be paid on time so that it reflects in the employees' bank accounts by pay-day.
26. Eskom reserves the right to remove from site any individual (s) found to have caused any non-compliance due to misconduct, lack of care, incompetence or negligence.

27. The zero tolerance culture involves:

- a. zero tolerance for a Contractor / Service Provider that does not co-operate with the Eskom Wage Bureau processes, according to the dates set out in the Wage Bureau calendar that (unless other dates are agreed upon) specifies when Contractors / Service Providers have to submit the following records to the Wage Bureau on a monthly basis:
  - (i) An EMPSA;
  - (ii) The Employers Declaration of Employees for the particular month (a UI19 form);
  - (iii) A statement of account for pension funds and/or provident funds employee contributions and the supporting POPs;
  - (iv) HR records (UPD12 forms);
  - (v) Payroll data; typically by 14:00 at the latest three days before the pay-date;
  - (vi) POPs (bank remittance advices) to confirm that payments have been made to the banks on the day before pay-date;
- b. Zero tolerance for Contractors / Service Providers that either pays their employees incorrectly or late.
- c. Zero Tolerance for Contractors or Service Providers that do not resolve matters that may cause labour instability on an urgent basis. This creates a positive duty for their management to bring such matters to the attention of the ER office and to proactively and urgently resolve collective grievances or other matters that poses a threat to labour stability within 4 working days. It further requires Eskom Site Services to consistently keep the ER Office informed concerning progress.
- d. Zero Tolerance for Contractors or Service Providers that participate in unprotected industrial action / work stoppages or retardation of work. Such conduct will constitute misconduct, irrespective of whether the employees have resumed work within the same shift, or not.
- e. Zero Tolerance for non-compliance with the Life Saving Rules issued by the commercial Employer.
- f. Zero Tolerance for tampering with safety equipment.
- g. Zero Tolerance for conduct that is impermissible by any legislation that is applicable to the site or the accommodation areas.

For any transgression of the above-mentioned rules Eskom as the commercial Employer will institute contractual steps against the relevant Contractor or Service Provider. This may include putting its management and/or employees off site, without any contractual recourse by the Contractor or Service Provider; or instituting steps that will result in the removal of individual members of Contractors or Service Providers as a result of violation of the relevant works, services or supply contract. This includes the failure to comply with these rules irrespective of whether or not it has resulted in a work stoppage and/or strike action.

Yours faithfully

**Name of Eskom Contract Manager**  
**CONTRACT MANAGER**  
**KUSILE POWER STATION**

## **Appendix A: Requirements for implementation**

**The requirements for implementation of the Wage Bureau can be summarised as follows:**

1. The Wage Bureau Service Provider (currently Symplexity) provides the following “Base Support” to the Contractors / Service Providers to enable the dashboard and reporting functions:
  - 1.1 Register all employees on site, import, transform and process clocking or site access data from a variety of biometric devices;
  - 1.2 Import HR data, including travel towns, commute villages, type of employees, skills levels, bank account details, union representation, etc.;
  - 1.3 Calculating Benchmark pay;
  - 1.4 Import payroll data of scheduled employees from 3rd party Payroll systems, or alternatively allow Contractors / Service Providers to import the data from a standard template;
  - 1.5 Import POPs and other documents that related to employees, e.g. SARS statement of account (EMPSA), UIF declaration as well as any pension or provident fund payments; and
  - 1.6 Provide dashboards, findings and reports with the results.
2. The Wage Bureau will implement the instructions and decisions taken by site governance, and implementation must be compliant with site IR processes.
3. **Contractors / Service Providers are required to:**
  - 3.1 Use all reasonable efforts to contribute and assist Eskom with all relevant data and information regarding their own clocking devices, payroll processes and systems as to ensure that the Wage Bureau Service Provider has all relevant data and information at its disposal to enable the development of the software solution for the Wage Bureau.
  - 3.2 Provide the initial required master data, but also subsequent changes, and monthly transactional data from current Time & Attendance, Payroll and Skills Applications to the Wage Bureau software in a specified format.
  - 3.3 Clean-up of the data before it is loaded into the new Wage Bureau Applications, which will include checking that the data loaded in the Wage Bureau Applications are complete and accurate.
  - 3.4 Capture Skills data as required by applicable South African legislation including any directives from the Department of Employment and Labour and the relevant SETA's.

- 3.5 Implement the defined Wage Bureau processes and procedures – full training is provided.
- 3.6 Ensure the ongoing effective compliance to the said governance and all related Wage Bureau policy, processes and procedures throughout the Contractor's / Service Provider's project team at the Eskom site, including all of their Subcontractors, Sub-subcontractors or Service Providers.
- 3.7 Contractors / Service Providers are allowed to use the TDS application for management of Time & attendance processes at no additional fee, but will have to purchase their own biometric devices. Biometric devices are required due to their impact on limiting fraudulent activities. In light of the current pandemic the devices must initially be set up for card usage, and then moved back to biometrics at a later date.
- 3.8 Instruction for Contractors / Service Providers who want to continue using their current automated Payroll solutions: The Contractors / Service Providers may contract directly with a service Provider of choice, should they prefer to use its own applications in addition to the Wage Bureau Applications.
- 3.9 Instruction for Contractors / Service Providers who wants to use the Wage Bureau applications for more than just basic support of employees at the Eskom site: If Wage Bureau applications are used for Production purposes (i.e. used for the remuneration process to pay its employees), the Contractors / Service Providers will require a separate Service Level Agreement with the Service Provider (currently Symplexity). The relationship between Symplexity and the Contractors / Service Providers shall be exclusively between the two parties and shall not impose any obligations on Eskom. There will be no additional cost associated with this contractual arrangement.
- 3.10 Change the Contractor's / Service Provider's Payroll applications to accommodate a standardised basic payslip that conforms to the BCEA Act and the Wage Bureau requirements. This standardised payslip is only required where the format of the current payslip is inadequate.
- 3.11 Appoint a representative to assist with any queries in relation to the Wage Bureau on an ad hoc basis.
- 3.12 Appoint a Contractor / Service Provider Steering Committee Representative to attend the Steering Committee meetings once a quarter.
- 3.13 The Contractor / Service Provider must adhere to the security clearance and access requirements prescribed by Eskom:
  - All employees (permanent and temporary) shall be registered in the Wage Bureau, with the names, ID numbers (or passport numbers), type of contract, start-date, scheduled (blue-collar) or non-scheduled (managerial / white collar), geographical location, union membership and skills level.



- All terminations or demobilisations shall be registered in the Wage Bureau, by indicating the termination date against the employee.
- An employee or visitor must be registered at project security in order to gain access. The employee will be expected to comply with the site's security access policies and procedure.
- An employee shall not be registered on the security access system, unless the Contractor / Service Provider can prove in the prescribed format that the employee has provided written consent in terms of the POPI Act to grant the Wage Bureau direct access to the Contractor's / Service Provider's skills, time and attendance, and payroll data.
- An employee must clock at entry to and exit from the site, and no exceptions will be tolerated. This applies to scheduled and non-scheduled employees, whether they are drivers or passengers of vehicles, and all visitors.

3.14 It is the sole responsibility of the Contractor / Service Provider to ensure that it at least pays wages and provide benefits and conditions of employment prescribed by the BCEA Act and Industry Agreements that are applicable to it:

- Annual increases and the improvement of benefits as determined by the applicable Bargaining Council are implemented accurately and timely to ensure labour stability. Failure to do so will result in disciplinary action.
- The Contractor / Service Provider will not engage in any form of wage negotiations on site, accommodation areas or any other places that may be specified under the contract as forming part of the site or within a 5km radius of the site or any such other places or accommodation.
- The Contractor / Service Provider will ensure that labour peace and stability on the site are not negatively affected by wage disputes as a result of wage differentials. Resolving wage disputes expeditiously is encouraged.
- Eskom has the right to audit any Contractor / Service Provider without notice to ensure compliance with these principles. For these purposes the Contractor / Service Provider will make available the required data at a time and frequency specified by Eskom.
- **Industry wage rates**
  - All Contractors / Service Providers shall comply with the Industry wage rates prescribed by the applicable Industry agreement. Contractors / Service Providers must pay at least the minimum wage rate prescribed in the Industry wage rates schedule.

- The extension of a Bargaining Council agreement in terms of section 32 by the Minister of Labour will not constitute a change in legislation as referred to in the contract. It will therefore not constitute a compensation event and will not constitute an entitlement or a claim from the Contractor / Service Provider.
- The Contractor / Service Provider must manage the wage increments granted to employees in excess of the applicable Industry wage rates in a manner that:
  - Would enable the Contractor / Service Provider to substantiate wage differentials should it be challenged by their employees, Organised Labour or any other interested party. Such increments should be based on proper remuneration principles which should include but not limited to performance, competency, years of service, related experience and qualifications.
  - Does not create inconsistencies that may cause labour instability for other companies employed at the Eskom site.

### **3.15 Working hours and Overtime**

- The site hours of work shall comply with the applicable legislation and Industry Agreements whichever is applicable.
- All hours worked in excess of that stated in relevant Industry Agreements shall be paid at the applicable overtime rates.
- Averaging or normalisation of working hours (claw-back) must comply with the provisions of the Basic Conditions of Employment Act (the BCEA Act) and the relevant Industry agreements.
- Where overtime is scheduled to be worked in excess of what is stipulated in the BCEA Act or the Industry Agreements, the Contractor / Service Provider shall apply for exemption at the relevant Bargaining council (e.g. MEIBC) or the Department of Labour, whichever is applicable.

### **3.16 Shift patterns**

- Shifts should be worked in accordance with a working pattern agreed with the Eskom representative.
- Contractors / Service Providers may be required to consult its employees and their representatives about the Shift pattern.
- The maintenance of shift patterns per employee is important to calculate the payroll accurately (day/night shift).

### **3.17 Night work**

- Night work is any work performed between 18h00 to 6h00 or as defined otherwise by an applicable Industry agreement.
- A night shift allowance must be paid in compliance with the applicable Industry agreements.

### **3.18 Leave**

- The type of leave, the quantity, and payment associated with leave as well as the timing thereof will be granted to employees in accordance with prevailing legislation, Industry agreements and industry practises.
- Eskom will be provided with leave records, in order to determine whether employees were not on site with or without approval.

### **3.19 General principles for payment of wages**

- No salaries or wages or any part thereof shall be paid in cash, or vouchers, whether directly or indirectly or whether paid by the Contractor / Service Provider, Temporary Employment Service or a third party.
- For the avoidance of doubt, this restriction shall not prevent the issuing of payslips or other written confirmation of payment at the site.
- All scheduled (blue-collar) employees must be paid monthly. No daily, weekly or fortnightly payment is allowed.
- Pay day can be decided by the Contractor or Service Provider, and the information shared with the Wage Bureau to set-up a schedule.
- Contractors / Service Providers are required to provide a copy of their payroll data two days before pay-day, to enable their administrative staff and the Wage Bureau to verify the accuracy of normal hours and overtime payments by comparing the Wage Bureau payslips with their own payroll calculations.
- Contractors / Service Providers must issue payslips the day before pay day in order to resolve any pay queries before payment is made. The format of the payslip must meet the requirements of the BCEA Act and must be approved by the Wage Bureau. Most payslip formats are adequate, and changes will only be required in extreme circumstances.
- In order to resolve or prevent labour instability relating to payment, timesheets will close 4-7 days before pay day. All timesheets will be signed off by each employee at the end of each week. All queries in relation to hours worked and processed must be resolved timely and expeditiously.

### **3.20 Wage administration**

- Each Contractor / Service Provider has to have a biometric time and attendance system. The data from the time and attendance system must be exported in Excel format, to enable TDS to import the data. The time and attendance system to be used must be authorised by Eskom.
- A biometric access, time and attendance system must be implemented and operational prior to mobilising any employees to site. Where applicable it may include mobile biometric readers.
- All biometric time and attendance data will be supplied and imported into the Wage Bureau. The Contractor / Service Provider must use the Wage Bureau system to extract an attendance report for its work package to the PERM, on a daily, weekly and monthly basis on dates determined by the ER office.
- All Contractors / Service Providers must contract on the same basis with their Contractors / Subcontractors / Service Providers.

### **3.21 Skills development**

- The Contractor / Service Provider must meet all legal requirements pertaining to skills development of its workforce. They must be able to prove that they have met these requirements in as far as it concerns its employees at an Eskom site.
- The Contractor / Service Provider must retain the relevant records that show it has met the stated requirements for skills development.
- The Contractor / Service Provider must make available copies of certificates.
- Eskom may at its own discretion audit compliance of the Contractor / Service Provider with the legal requirements.

### **3.22 Inability to pay**

- The Contractor / Service Provider must inform the Wage Bureau at the earliest possible date when it, or one of its Subcontractors / Service Providers is not able to pay its employees on pay-day. These include late payment, short payments and non-payments which are caused by either financial or any other reasons.
- The Contractor / Service Provider will ensure that the SARS statement of account (EMPSA records) is submitted to the Wage Bureau on a monthly basis, in order to prove ongoing compliance to PAYE, UIF and Skills development.

### 3.23 Tax compliance

- In terms of tax legislation, the employees of Contractors / Service Providers must all be registered for income tax, regardless of whether or not their annual income fall below the tax threshold.
- All Contractor / Service Provider and their Subcontractors / Service Providers that have employees working on site must be registered for employees' tax and SARS eFiling (for up to 50 employees) or SARS e@syFile (for an unlimited number of employees), regardless of:
  - the duration of the Contractor's / Service Provider's contract with Eskom; or
  - whether or not the employees of the Contractors / Service Providers work for one month only; or
  - whether or not the annual income of the employees of the Contractor / Service Provider fall below the tax threshold.
- Contractors / Service Providers and their Subcontractors / Service Providers must pay both employees' tax and UIF over to SARS. This will enable them to provide the Wage Bureau with monthly EMPSA's, as records to prove that they paid over the employees' tax and UIF deducted from employees.
- Contractors / Service Providers must, for a particular tax year, issue:
  - IRP5 certificates to employees for whom employees tax was deducted and paid over to SARS; and
  - IT3(a) certificates to employees for whom no tax was deducted.
- Contractors / Service Providers have to submit their Employer Interim Reconciliation Declaration (EMP501) to SARS on an annual basis for the period March to August, typically by 31 October.